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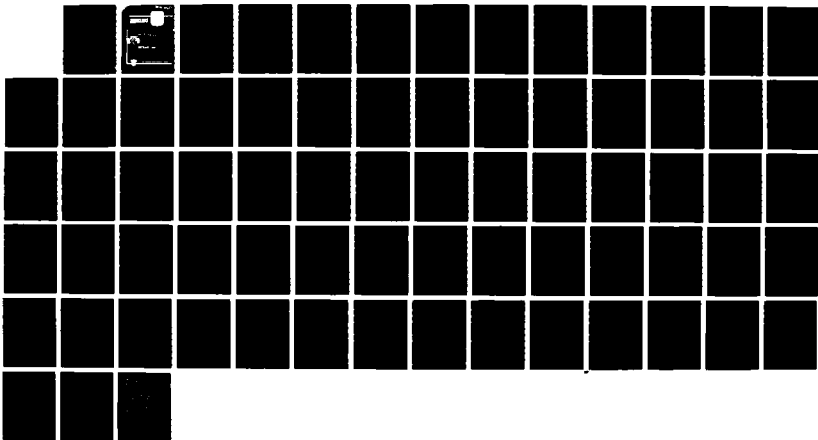
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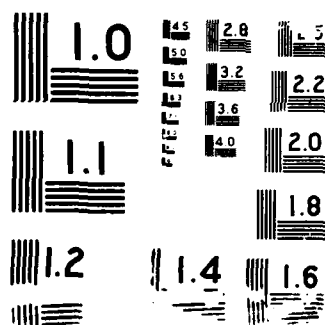
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SHOULD BUDGET FORMULATION AND EXECUTION AT ARMY MAJOR  
COMMANDS BE CENTRALIZED UNDER THE DEPUTY CHIEF  
OF STAFF FOR RESOURCE MANAGEMENT?

BY

MR. WILLIAM R. MITCHELL

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passage of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 has caused the Services to relook their management philosophies, organizational structures, and personnel overhead in order to comply with the act. Headquarters, Department of the Army (HQDA) and at least one Major Command (MACOM) have gone to a centralized organizational concept for budget formulation and execution. This paper attempts to analyze the effect of these changes, as well as addressing the issue of whether Army doctrine should be changed to require centralized budget operations under the Deputy Chief of Staff for Resource Management (DCSRM) at all MACOM's throughout the Army.

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**SHOULD BUDGET FORMULATION AND EXECUTION AT ARMY MAJOR  
COMMANDS BE CENTRALIZED UNDER THE DEPUTY CHIEF  
OF STAFF FOR RESOURCE MANAGEMENT?**

**AN INDIVIDUAL STUDY PROJECT**

by

Mr. William R. Mitchell

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Project Advisor

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U.S. Army War College  
Carlisle Barracks, Pennsylvania 17013  
30 March 1988

## ABSTRACT

**AUTHOR:** William R. Mitchell, DAC, GM-14

**TITLE:** Should Budget Formulation and Execution at Army Major Commands be Centralized Under the Deputy Chief of Staff for Resource Management?

**FORMAT:** Individual Study Project

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Although there have been several procedural and organizational changes over the years, the basic underlying principles of the OSD Planning, Programming, and Budgeting System (PPBS) have not changed since Secretary of Defense Robert McNamara introduced this mission-oriented concept in 1960. The services went to a notion of decentralized project/program management in order to formulate, defend, and execute programs and budgets. This decentralized management philosophy has been imbedded in our doctrine for the past twenty-five years. The passage of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 has caused the services to relook their management philosophies, organizational structures, and personnel overhead in order to comply with the act. Headquarters, Department of the Army (HQDA) and at least one Major Command (MACOM) have gone to a centralized organizational concept for budget formulation and execution. This paper attempts to analyze the effect of these changes, as well as addressing the issue of whether Army doctrine should be changed to require centralized budget operations under the Deputy Chief of Staff for Resource Management (DCSRM) at all MACOMs throughout the Army.

## PREFACE

This individual study project reflects the cumulation of hundreds of hours of interviews with forty-six military and civilian personnel involved in programming and budgeting throughout the Army. These interviews included a sampling of Army senior leadership involved in the resource management process. The interviews also included extensive discussions with professional program and budget analysts down where the "rubber meets the road." I also solicited the views of functional personnel on the MACOM and HQDA staffs, who must manage their programs within the constraints and flexibilities of our Planning, Programming, Budgeting, and Execution System (PPBES) doctrine. Finally, it is a reflection of the experience and views of its author who has had the opportunity to serve in program and budget positions at the installation/activity, MACOM, and HQDA levels; as well as serve as the Director of Resource Management (DRM) for a major Army field operating activity. This is a very sensitive and controversial subject in the Army. It not only affects our traditional resource management philosophy, but is perceived by some to endanger the very existence of organizations established over the years to execute that philosophy. This paper does not have all the answers. Perhaps decision makers will find it a useful input as they are confronted with the centralization issue. The outstanding cooperation and assistance of the personnel who participated in the interviews is greatly appreciated. A special thanks goes to LTG Max W. Noah, Comptroller of the Army, and BG Theodore G. Stroup, TRADOC DCSRM, co-sponsors of this study effort. They not only gave me the opportunity and encouragement to pursue this endeavor, but insured me the academic freedom to independently report on this important Army issue.

W.R.M.



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SHOULD BUDGET FORMULATION AND EXECUTION AT ARMY MACOMS  
BE CENTRALIZED UNDER THE DCSRM?

CHAPTER I

INTRODUCTION

I think most people in the United States agree that the federal budget, annual budget deficits, and the cumulative public debt have grown to such unmanageable levels, that they threaten the very economic stability of our country. For this reason, the Balanced Budget and Deficit Control Act of 1985 (Gramm-Rudman-Hollings) had wide support by the public and the Congress. To reduce the federal deficit to zero by 1993 is indeed an admirable national goal.

The resulting budget reductions have presented new opportunities and challenges for leaders, managers, and resource management personnel throughout the Department of Defense (DOD). During the Reagan Administration, the DOD has enjoyed adequate budget growth to begin a major modernization of its forces and equipment; as well as to improve the working conditions and living standards of our service personnel and their families. We must now shift gears, readjust our appetites, and come up with new and innovative ways of "doing more with less." The Army productivity programs, for example, have shown that this is possible.

Even more important, is the changing role of the resource manager. In the good years, it is relatively easy to orchestrate

the staff in the distribution of increased levels of resources. But in times of austerity and budget decrements, it takes the highest standards of professionalism and leadership to coordinate a consensus on a plan of action for management decision. It also takes the ideas and input of professional resource management personnel in our functional mission areas.

How then should we be organized and staffed to meet these challenges in the development and execution of our programs and budgets? What is our historical organizational doctrine and how effective has it been? Where should we be headed in the future? This paper addresses these issues at one important level of Army command and management -- the MACOM.

### BACKGROUND<sup>1</sup>

Prior to 1960, resource management direction at the upper levels of the Army(HQDA and MACOM) was fragmented between the staff agencies and the technical service chiefs. The allocation of training resources, for example, was controlled by the HQDA Deputy Chief of Staff for Operations and Plans(DCSOPS) and the Continental Army Command(CONARC), but the funds to run the training installations and centers were controlled by the technical service stovepipes. In many instances, the funds for base support never came through the MACOM, as the technical service headquarters would directly reimburse base commanders for common services. Budgets were formulated in the same fragmented

manner. Very little outyear resource planning and programming was done at either level.

"In 1960, President Kennedy's Secretary of Defense, Robert McNamara, brought the Planning, Programming, and Budgeting System with him to DOD from Rand Corporation where it had been developed in the 1950's."<sup>2</sup> McNamara abolished the technical services(except the Chief of Engineers(COE) and the Surgeon General(TSG)), transferring their functional responsibilities to either the Army Material Command(AMC) or the Defense Supply Agency(DSA). A Director of Army Programs was established with responsibility for coordinating programs and budgets. "The Army staff had still not developed an effective three year planning, programming, and budget cycle, but Secretary McNamara insisted they do so under his mission-oriented Planning, Programming and Budgeting System and Five Year Defense Program(PPBS/FYDP), which introduced zero based budgets, among other things."<sup>3</sup>

With minor procedural and organizational changes, the principles of McNamara's PPBS system are still part of our doctrine today. Over the years the programming process became formalized with the establishment of the Director, Program Analysis and Evaluation(DPAE) under the Office of the Chief of Staff of the Army(OCSA). In 1974, MACOMs became a major player in the programming cycle through the submission of a five year Program Analysis Resource Review(PARR). Similarly, the budget process became formalized with the creation of the Director of the Army Budget(DAB) under the Comptroller of the Army(COA).

The resource management organizational concept under PPBS consisted of several management committees and Appropriation/Program Directors and Functional Managers. Program development, and budget formulation and execution were decentralized along functional lines. Organizational structures were established at each level in the Army which generally mirrored their higher headquarters structure. For example, the HQDA Deputy Chief of Staff for Personnel(DCSPER), MACOM DCSPERs, and installation Directorate of Personnel and Community Activities(DPCAs) each had a program director cell which developed programs/budgets and monitored execution in their functional accounts(Chapter II will address this concept in more detail). This has been our modus operandi over much of the past twenty-five years.

#### THE DILEMMA

By necessity, any decentralized management concept is manpower intensive. And, as the requirements of the PPBES grew over the years, so did these staffs. On 1 October 1986, the Goldwater-Nichols Department of Defense Reorganization Act of 1986 became law. Among other things, it placed a cap on the Army secretariat and military staff of 3105; a reduction of 548 or 15%. In addition, it directed a 10% reduction in MACOM HQ staffs by 1 October 1988. It also abolished the statutory position of Comptroller of the Army and required all comptroller(including

financial management) functions be under the sole responsibility of the Office of the Army Secretary.

The Secretary of the Army(SA) directed that the COA functions be merged under the Assistant Secretary for Financial Management, ASA(FM). The COA position was retained as deputy to the ASA(FM). In the program and budget area, the programmers were left in place, but most budget personnel(except the Army National Guard and Army Reserve appropriations) were centralized under the ASA(FM).

Several months before the new law was passed, the Commander in Chief, United States Army Europe(CINCUSAREUR) had the vision to anticipate the forthcoming reductions and directed a manpower study of his headquarters. One of the outcomes of this study was the abolishment of the functional Resource Management Offices(RMOs) on the HQ staff and the centralization of the program and budget personnel under the USAREUR DCSRM.

The Training and Doctrine Command(TRADOC) and Forces Command(FORSCOM) did similar reviews of their resource management staffs, but decided to remain under a decentralized resource management concept. In all these cases there were high emotions, heated discussions, and much "blood letting" during the decision process. A detailed analysis of the arguments for and against centralization will be covered later in this paper.

The basic dilemma is: While we no longer have a standardized resource management organizational doctrine throughout the Army, do we need one? What has been the effect of

these changes? Should all MACOMs go to centralized budget operations? This is perhaps one of the most sensitive and controversial issues facing the Army today.

#### PURPOSE AND SCOPE OF RESEARCH

The purpose of this paper is to:

- o Examine the issues involved with centralization versus current doctrine.
- o Review the experiences of HQ USAREUR and HQDA for useful input and lessons learned.
- o Provide information and recommendations for consideration in future decisions on the centralization issue in the Army.

I cannot overemphasize that this paper is not an evaluation of the decisions made by either HQDA or HQ USAREUR regarding centralization. The interviews that I had with the personnel of these headquarters were to understand better the issues involved and to gain insights of the influence of their management concepts on the budget formulation and execution process. The views expressed in this paper are my own and are not necessarily indorsed by the senior leadership of either headquarters. Hopefully, this paper will serve to articulate the issues involved, as well as provide some useful recommendations for consideration by those commands who are "still on the fence" over this issue.

## ASSUMPTIONS AND METHODOLOGY

I have assumed that the reader of this paper has a basic knowledge of the Army's PPBES. At Appendix 1 is a list of abbreviations and acronyms used in this paper. I also assumed that most people have a natural resistance to change. In my interviews with the personnel involved in these reorganizations, I tried to put their comments in the proper perspective given this phenomenon.

As previously stated, the primary method of research was personal interviews and a review of available records and literature related to this subject. The paper will first look at the traditional Army doctrine and issues. The following two chapters outline the results of the interviews and research at HQ USAREUR and HQDA. Finally, Chapter V contains the conclusions and recommendations from this study project.



## CHAPTER I

### ENDNOTES

1. For an informative detailed history of Army resource management prior to 1978, see Annex D to A Study of Resource Management on the Army Staff, HQDA, Washington: 14 July 1978.

2. "Army PPBES", Army Command and Management, U.S. Army War College Reference Text, Chapter 14, p. 14-1.

3. A Study of Resource Management on the Army Staff, HQDA, Annex D, p. 15.

## CHAPTER II

### TRADITIONAL DOCTRINE AND ISSUES

When you discuss Army policy for organizational doctrine in resource management, you immediately think of the Army Regulation(AR) 5-series of regulations. The capstone policy is contained in AR 5-1, Army Management Philosophy, which states in part: "Organizations function most effectively and efficiently when decisions are made in a spirit of mutual trust and confidence at the lowest command level where adequate information exists."<sup>1</sup> Under Title 10 U.S.C. 3014, the Secretary of the Army(SA) has made the ASA(FM) responsible for policy for organization structure and management procedures relating to budgeting, accounting, progress/statistical reporting and internal audit.<sup>2</sup>

The organizational responsibilities, policies, and procedures for resource management on the Army staff are normally covered by internal HQDA regulations.<sup>3</sup> At the MACOM level and below, the principal guidance is contained in AR 5-2, Resource Management in the DA Field Establishment(short title). The overall Army PPBES philosophy in AR 1-1 and DA Pamphlet 5-9 also apply. This chapter will explore the traditional policy and doctrine as relates to the central theme of this study project.

## SYSTEM OVERVIEW

In order to understand the issues involved with centralization, it is helpful to briefly review the philosophy behind our traditional organizational doctrine. At the top of each major Army organization(HQDA, MACOM, installation) is a "board of directors," which controls and integrates the PPBES process. At the HQDA level, it is called the Select Committee (SELCOM), which is jointly chaired by the Army Vice Chief of Staff(VCSA) and the Under Secretary of the Army(USA). Its membership consists of the heads of Army staff agencies and selected other general officers(normally at the two and three star level). "The forum helps the senior leadership review, coordinate, and integrate PPBES actions. The SELCOM considers and interprets guidance from the SECDEF, SA, and CSA. It reviews Army policy, programs, and budgets. It reviews the performance of program and budget execution. The SELCOM may dispose of actions on its own or recommend action to the CSA or SA."<sup>4</sup>

The counterpart senior committee at the MACOM level might be called the Program Resource Advisory Committee(PRAC) and is normally chaired by the MACOM Chief of Staff. At the installation/community level it may be called the Program/Budget Advisory Committee(PBAC) and is normally chaired by the Garrison Commander.

The name and membership of these committees is a command prerogative. The committee duties closely mirror that described

for the SELCOM, with only the names of the players changed. There may be one or more subordinate working level committees such as the Program Budget Committee(PBC) at HQDA; which may oversee, coordinate, or make recommendations concerning different phases of the PPBES, such as programming or budgeting. The working committee membership normally consists of those senior personnel responsible for programming and budgeting within a given senior committee member's staff. In addition, these people usually serve as an appropriation or program director for their functional programs in the FYDP.

In order to fulfill these PPBES responsibilities, each staff office has a resource management cell ranging from a handful of people to a large operation of 15 to 20 people(depending on responsibilities and size of program managed). These are the primary players involved in the centralization issue. Understanding their roles and relationships vis-a-vis other players in the PPBES is essential.

#### ROLE OF THE COMPTROLLER/DCSRM

For purposes of this study I will use the acronym DCSRM in a generic sense, keeping in mind that we do not have a DCSRМ concept at the HQDA level. The ASA(FM) performs the duties of the DCSRМ(less manpower management) at the HQDA level. The primary function of a DCSRМ is to be the principal advisor to the commander on all financial matters. The DCSRМ is specifically

responsible to:

- "o Determine and recommend financial resources required to fulfill the command's mission.
- o Determine and recommend manpower resources to fulfill the command's mission...
- o Provide analyses of mission and program accomplishment and of resource use and availability as a basis for management decisions.
- o Develop and maintain effective financial and management controls, systems, and procedures to safeguard, maintain accountability, and achieve the best use of resources.
- o Provide management analyses of organizations and management systems to improve management within the command.
- o Develop information systems to give management data and to keep the staff and command aware of the impact of civilian personnel actions on pay systems.
- o Supervise the accounting and reporting functions relating to both appropriated and non-appropriated funds.
- o Provide a viable, effective, and responsive internal review program."<sup>5</sup>

The DCSRM also serves as the proponent in the command for the military comptroller career field(speciality code 045) and the civilian comptroller(CP 11) and manpower(CP 26) career fields. The DCSRM is also responsible for identifying and recommending Army Educational Review Board(AERB) military comptroller

positions in the command which require assignment of personnel with advanced degrees. As will be discussed later, this responsibility can have a major influence on the quality and distribution of talent within the command. In the program and budget area, the DCSRM performs the following additional responsibilities:

- o Furnishes guidance, direction, and instructions for the preparation of programs, budgets, and program/budget guidance(PBG).
- o Oversees the development of program and budget submissions.
- o Performs independent review and analysis of programs and budgets to address adequacy, issues, trade-offs and performance.
- o Performs independent cost estimates in support of the staff and the command decision process.
- o Monitors monthly obligations and expenses. Advises the commander and staff on funds utilization.
- o Assists program directors and functional managers on program/budget systems and procedures.
- o Serves as the command point of contact on all program and budget matters.
- o Provides a representative to chair working level program and budget committee meetings. Serves as secretary for senior committee(SELCOM/PRAC) meetings. NOTE: At the HQDA level this responsibility is shared between the DPAE

and the ASA(FM).

The primary role of financial advisor and secondary role of independent review and analysis for decision making is key. The DCSRM does not normally serve as a program director of an appropriation or program and can therefore perform his advisory role without being influenced by "proponency" conflicts.<sup>6</sup> This independent review role has given the DCSRM the generally accepted title of the "honest broker" for the command.

The DCSRM concentrates on horizontal analysis across appropriations and programs. The DCSRM challenges the staff coordination process in the building of programs and budgets. For example, has the proponent involved in a new initiative coordinated funding or manpower requirements which influence other appropriations or programs? In the fielding of new equipment, have construction requirements, maintenance personnel, and funding been programmed to support the fielding dates? In this manner, the DCSRM helps insure the program and budgetary impacts of new initiatives or issues are adequately addressed in the decision process.

Most DCSRMs centrally program and budget for pay of civilian personnel once requirements have been established by standards, surveys, or functional proponent initiatives. The DCSRM also coordinates the internal control program review(AR 11-2) of the budget formulation and execution functions.

## ROLE OF THE PROGRAM DIRECTOR

Appropriation/program directors and functional managers perform similar roles. Under the HQDA reorganization they are now called "sponsors" instead of directors, if located on the Army staff. The word sponsor is a reflection of the reduced role the staff plays under the centralized concept. For the purpose of this paper, I will use the term program director except where a specific point needs to be made.

Army doctrine states that "Functional or program directors are responsible for developing a program, within the parameters of guidance provided, to include the total resource requirements. These financial requirements are consolidated by the Comptroller to form the program or budget for the organization. Under the decentralized fund control concept, the functional or program director will develop internal controls and procedures needed to effectively control funds for which he is responsible."<sup>7</sup> Specific responsibilities of program directors in the program and budget area are:

- o Develops, justifies, presents, and defends assigned functional programs and budgets.
- o Develops and furnishes data, summaries, schedules, exhibits, and narratives for their programs in response to internal guidance, higher headquarters, DOD, Office of Management and Budget(OMB), and congressional committees.
- o Prepares Program Budget Guidance(PBG) for subordinate



commands and activities in assigned functional area.

- o Establishes functional area priorities for program/  
budget development, allocation of resources, and program  
execution.
- o Establishes and maintains effective working relationships  
with higher, lower and adjacent headquarters.
- o Monitors and reviews program execution; recommends  
resource adjustments for program balance and effective  
execution.
- o Conducts economic analyses and costing of program  
initiatives and alternatives.
- o Reviews subordinate command/activity program and budget  
submissions; validates and prioritizes requirements and  
decrements.
- o Develops and implements administrative fund controls(AR  
37-21) and internal controls(AR 11-2) for the management  
and execution of assigned funds.
- o Serves as Program Development Increment Package(PDIP) or  
Management Decision Package(MDEP) proponent/point of  
contact for the command.
- o Represents assigned functional area as a witness at  
program functional panel reviews and at budget hearings.

The program director is a proponent of his functional area and  
therefore competes with other program directors for resources.

The program director's analysis is vertically oriented, except  
when analyzing his program across the command or MDEPs.

An example of the type of analysis or thought process a program director performs, can be seen by looking at the functional manager for the Morale, Welfare, Recreation(MWR) program in the base operations "S account" of the OMA appropriation. This individual is usually a member of the command DCSPER's program director staff. This analyst is normally responsible for both appropriated(APF) and non-appropriated funds(NAF) in the MWR program. The analyst must not only be familiar with the statutory and regulatory financial aspects of the MWR program; but must understand some basic technical aspects of the business techniques of running such diverse activities as golf courses, bowling centers, package stores, NCO/Officer clubs, recreation centers, libraries, and physical fitness centers. Some MWR activities are major revenue producers while others are revenue consumers. There are discrete legal restrictions concerning the expenditure of APF vs NAF in the various cost centers. When reviewing subordinate command requirements, these facts enter into the resource allocation process. For example, sometimes a MACOM program director will subsidize the smaller/remote or less profitable installations at the expense of the larger or highly profitable installations. When allocating APF in a given cost center, the analyst will carefully review the NAF income statements and balance sheets to determine need and priorities.

The point to be understood here is that program directorship is not a "seat of the pants" decision process, where you review

requirements and allocate funds based on a simple analytical or statistical basis. It is a very complex process requiring both financial management and functional program expertise.

Another characteristic of program director organizations is that a single analyst can be responsible to perform programming, budgeting and manpower management tasks. Only in the very large shops will you find separate program, budget and manpower analysts.

#### CENTRALIZATION VERSUS DECENTRALIZATION ISSUES

I feel there are two major categories of issues regarding the centralization dilemma. Only one of these is openly discussed or reported. The first involves the pros and cons of the need for a program director budget cell in each functional staff office. The second area addresses the historical human relations problem between the DCSRM and the functional program directors.

The first area is best described by looking at a 1978 study in this area by MG Homer S. Long. His six month study looked at how resource management should be organized on the Army staff; and specifically, the role of the appropriation, program, program element, and functional program directors. His findings in this area sum up the major arguments against the centralization concept:

"Determination of resource requirements and analysis of field submissions in terms of functional responsibility is key to

development, defense, and execution of an effective Army program. The interface afforded by program and budget activities, now integral to each major staff agency, with the staff agency primarily responsible for programming and budgeting was seen critical to the successful development and defense of FYDP programs along functional lines. While this process requires total staff involvement in the program/budget cycle process, a focus on functional responsibility was seen as essential to effective resource management by providing the best basis for decision-making."<sup>8</sup>

At the time of the study the COA was not only the appropriation director for the OMA appropriation, but was also the program director for OMA Base Operations(including Real Property Maintenance Activities(RPMA)) and Program 9, Administration. The funds under the program directorship of the COA represented almost one third of the OMA appropriation. The study went on to conclude that the COA could not properly exercise its independent review responsibility while at the same time functioning as a "proponent" of selected programs and appropriations.

The study recommended that responsibility for the OMA appropriation be transferred to the DCSOPS, Base Operations(minus RPMA) to the Deputy Chief of Staff for Logistics(DCSLOG), RPMA to the COE, and Program 9 to DCSPER. The study also recommended that consideration be given to the establishment of a DCSRM on the Army staff. The CSA disapproved the OMA appropriation

transfer and the DCSRM concept; but approved all of the other transfers in order to divest the COA of its program director responsibilities. This major resource reorganization of the Army staff caused subordinate commands to organize in a similar manner(many were already organized that way). The major arguments for centralization center around efficiencies, economies, and program director responsiveness to the system. I will cover these in more detail when we look at the actual centralization issues involved in the USAREUR and HQDA experiences(Chapters III and IV).

The second category of issues are not widely reported or discussed. But I maintain they have had a major influence on the desire to centralize the budget formulation and execution functions. These are the human factors. Their influence in the PPBES process can be traced back to the McNamara era when the PPBS was just getting off the ground. In order to insure the success of the PPBS concept, Secretary McNamara established a personal staff with an analytical capability second to none. His people were intelligent, competent, and came to be known as the "whiz kids" or "brain trust." His systems analysts in OSD (Comptroller), for example, simply dictated force structure decisions to the services. "In February 1967, General Johnson(CSA) told the General Staff that he was creating an office of Assistant Vice Chief of Staff as a temporary "integrating and review mechanism" for integrating the Army resource management functions."<sup>9</sup> This organization had two major

effects on the Army. It created an analysis capability to (1) meet the OSD "brain trust" on equal terms and (2) created a power broker on the Army staff in the McNamara tradition. The AVCSA was the forerunner to the current DPAE.

In 1972, LTG W.E. DePuy, the AVCSA at the time, developed and marketed the "Operation Steadfast" reorganization of the Army. One of the themes of the CONUS reorganization was the creation of the first DCSRM concept in the Army. DePuy's action officer who designed the DCSRM concept for TRADOC (DePuy was TRADOC's first commander) was a LTC(P) Maxwell R. Thurman (the current TRADOC commander). The DCSRM had a Program Analysis Office (PAO) which soon became the power broker in the command.

In 1980, the Army directed that all commands in the Army go to a DCSRM concept. One thing that was common to these organizations was the centralization of power and responsibility in resource management decisions. Perhaps not all modern day DCSRMs have upheld the power broker tradition, but the DCSRM remains the trusted financial advisor to the commander. The MACOM DCSRMs are carefully selected and usually represent the views and objectives of their commander.

This has historically created a perception in the Army that assignment to the Army PAED/COA or MACOM DCSRM staffs is preferable to a program director job on the same staff. In fact, over the years a "we/you" situation has existed between the DCSRM and program director staffs. Of course, such a competitive

environment is healthy for airing viewpoints in our decision making process.

The program directors are a "proponent" of their programs and have a professional staff for analysis and articulation of their views. The DCSRM as the "honest broker" for the command has a professional staff for analysis and articulation of his views. Hence, another reason for the competitive atmosphere during our program and budget cycles.

Then there is the frequently present "mud slinging" between the DCSRM and the program directors. The staff accuses the DCSRM, as the the military and civilian career program manager, of funneling the best people into the DCSRM organization and giving the staff what is left over. The staff sees the DCSRM as a glorified task master, while taking credit for the product of the labor of the program directors. They want to blame their failure to win arguments in the resource management committee process on what they see as an "incestuous" relationship between the DCSRM and the Commander/Chief of Staff.

The DCSRM, on the other hand, sees the program directors' shops as being overstaffed, underworked, and non-responsive to the process. They view the program directors as an unnecessary layer between the DCSRM and the functional managers, where they allege the real work is done. They claim the reason the command has trouble getting additional resources is due primarily to the inadequate justification by the program directors in their program and budget submissions. They also feel that program

director "proponency" clouds their thought process where they do not always do what is best for the Army and frequently embarrass the command by not speaking with one voice.

I found these disturbing arguments to be more widespread than one would imagine. They are not isolated to any one command or agency. They came up on several occasions during my interviews.

#### OTHER PERIPHERAL ISSUES AND CONCERNS

One could argue that the attitudes just described should not exist in a proper command environment. I submit to you that many commanders and senior functional staff heads feel they are a captive of this complicated and confusing Army PPBES system. They lose sight of the fact that the PPBES is a tool to assist them in their decision making process. Many of our academicians tend to teach the nuts and bolts of the system, rather than the practical aspects of how the system can work for them.

I also feel we fall down in the recruitment and training of personnel. The comptroller program offers many professional opportunities not found in other career fields, such as undergraduate and advanced degree programs for both military and civilian personnel. Too often, we ignore lucrative recruitment markets in order to promote from within or bring someone up from the clerical ranks. Not that this is wrong, but in our increasing technical environment of costing, statistical



analysis, automation, etc, we need a different type of person then we have gone after in years past.

Too often we reorganize to solve the wrong problems -- problems which are more related to our personnel management system, rather than an organizational deficiency. If you have a group of "bean counters" where you need analysts, the system will fail. Reorganizing the bean counters will not increase your analytical capability.

Finally, there seems to be a strong trend in the Army in recent years in favor of decentralization. Also called the "power down" concept, all Army commands have been directed to reduce or eliminate unnecessary regulations and reports which limit the commander's flexibility to do his mission. The Model Installation Program, Unified Budget Test, Manage-to-Budget Test, and the Civilian Modernization Project are examples of Army implementation of this philosophy.

Now that we have looked at some of the arguments for and against centralization, lets turn our attention to two organizations which have experience with this concept -- HQ USAREUR and HQDA.

## CHAPTER II

### ENDNOTES

1. U.S. Department of the Army, Army Regulation 5-1, p.2.
2. Functions previously under the statutory responsibility of the Comptroller of the Army, which were transferred to the ASA(FM) by the implementation of the DOD Reorganization Act. See "Report to the Congress," Army Implementation of Title V, DOD Reorganization Act of 1986, pp. 13-14.
3. Chief of Staff Regulations 11-1, PPBES; 11-5, Staff Responsibilities and Relationships of FYDP Major Program/Program Element Directors; and 37-4, Army Staff Budget Responsibilities apply. In view of the Army staff reorganization, the future of these regulations is not so clear. The policy will have to be rewritten to reflect centralization, but whether it will be in the form of CSRs or not is not clear. The Director of the Army Budget's office(ABO) is working on a pamphlet to describe the new staff relationships.
4. U.S. Department of the Army. Army Pamphlet 5-9, p. 5.
5. U.S. Department of the Army. Army Regulation 5-2, p. 2.
6. One could argue that the DCSRM management of the Operations and Maintenance Army(OMA) Base Operations N Account (Administration) or U Account(Director of Resource Management) could present a proponency conflict. However, from a technical standpoint, the DCSRM is performing "functional manager" tasks here as opposed to being the Program Director for the Base Operations program. In addition, very few new initiatives are funded in these accounts which contain mostly salary dollars for pay of civilian employees.
7. Ibid., p. 2-3.
8. Headquarters, Department of the Army. A Study of Resource Management on the Army Staff, p. VI-A-8.
9. Ibid., p. Appendix D., p. 18.

## CHAPTER III

### THE USAREUR EXPERIENCE

On 18 November 1985, the CINCUSAREUR established an Organizational Review Team(ORT) to review the command missions, functions, structure, and command relationships in that MACOM. The ORT charter was to:

"Conduct functional review of USAREUR staff, USAREUR Major Commands and Field Operating Agencies to identify unauthorized, duplicative, or unnecessary missions and functions presently being supported by personnel authorizations. This review will result in deletion, reduction or consolidation and realignment of functions and will produce personnel, work place savings and operating efficiencies"<sup>1</sup>

The ORT was given six months to complete its mission. To insure success and objectivity in their findings and recommendations, the ORT was placed under the USAREUR Chief of Staff. All personnel selected had to be near their rotation date to CONUS, and final efficiency reports or performance appraisals had to be completed prior to reporting for duty on the team.

The final recommendations at the HQ USAREUR staff level were concentrated in four areas:

- o Stationing
- o Construction Programming

- o Force Development
- o Programming and Budgeting

Total authorized(military and civilian) headquarters strength was reduced from 1223 to 1076 or a 12% reduction. In the resource management(RM) area, authorized strength went from 117 to 65 for a 44% reduction.<sup>2</sup> Such a reduction gives new meaning to the phrase "doing more with less." This chapter will report on the background of these reductions; the resulting reorganization of the RM community; and the subsequent impacts on the USAREUR PPBES process.

#### RESULTS OF THE ORGANIZATIONAL REVIEW

The recommendations of the ORT(as modified by the staff coordination process) were approved by the CINC on 22 June 1986. Two areas impacted heavily on the RM community. In the force structure area, the DCSRM Manpower Division was eliminated. The manpower documentation function was transferred to the DCSOPS. This function includes the maintenance of Modified Table of Organization and Equipment(MTOE), Table of Distribution and Allowances(TDA), and update of the Army Authorization Document System(TAADS). The DCSOPS retained the force planning and military end strength management functions. The manpower standards and survey functions were retained under the DCSRM in a field operating activity called the Organizational Review Activity(ORA). The civilian manpower management function was

transferred to the DCSRM Budget Division, which was renamed the Manpower/Budget Division.

In the resource management area, all RM offices on the USAREUR staff(except the Deputy Chief of Staff for Intelligence (DCSI)) were eliminated and most of their pure program and budget responsibilities were centralized under the DCSRM. The ORT also recommended that the DCSRM Programming Division be eliminated and a Program and Budget Division be established. This was disapproved by the CINC in view of the increased role of the CINC in the programming process mandated by the Goldwater-Nichols DOD Reorganization Act.

The ORT recommended that the internal budget(funds to run the HQ) responsibilities remain decentralized. I found this odd, in view of the TRADOC and FORSCOM experiences. As previously mentioned, these commands decided not to centralize their program director and external budget functions. They did, however, consolidate their internal budget under the DCSRM with the almost unanimous agreement of their staffs. The internal budget centralization, not only produced significant manpower savings, but is expected to result in improved management and utilization of headquarters funds.

As a result of the ORT study, the following division of program and budget responsibilities between the DCSRM and the staff were approved by the CINC:

- o DCSRM Responsibilities:

- "oo Prepare and provide guidance for identification of

resource requirements.

- oo Receive, analyze, and evaluate budget submissions from subordinate commands.
- oo Coordinate with staff functional experts.
- oo Prepare all COB schedules required for HQDA submission.
- oo Maintain account balances for all accounts(all years)
- oo Produce monthly execution reports and provide to staff.
- oo Discuss variances of execution with USAREUR Major Command(UMC) and functional proponent.
- oo Prepare and distribute resource guidance to UMC's.
- oo Respond to resource questions from staff.
- oo Conduct mid-year review and year end close operations.
- oo Provide liaison to HQDA program directors and UMC Assistant Chief of Staff for Resource Management(ACSRM).
- oo Provide information to CINCEUR on resource management topics.
- oo Analyze, prepare, and provide summary of congressional actions in budget related areas to USAREUR staff.
- oo Analyze PBG and inform functional proponent of changes to resources.
- oo Prepare "STRAWMAN" proposal for all decrement

drills."<sup>3</sup>

o USAREUR Staff Responsibilities:

- "oo Internal budget.
- oo Provide functional expertise to include justification of initiatives.
- oo Approve distribution of resources to field.
- oo Provide military force structure(DCSOPS).
- oo Provide Army guidance and CINC priorities(DCSOPS)."<sup>4</sup>

It should be noted that the reorganization did not relieve the staff of their responsibility to remain the functional proponent and expert on their respective program and budget issues.

In order to fulfill these responsibilities, each major staff office (DCSOPS, DCSLOG, DCSPER, DCSSENGR) was given one GS-12 program budget coordinator and one internal budget analyst. The smaller staff offices were given one coordinator/analyst or none at all(depending on size of program managed).

The DCSRM Budget Division (excluding the manpower function and USBA) was increased from 32 to 39 manpower authorizations, while the Programming Division was decreased from 13 to 8 personnel. Although these numbers may look wrong; they are a net adjustment of the plus-up for the new functions, offset by a reduction for efficiencies recommended by the ORT.

All Deputy Chiefs of Staff(DCS) non-concurred with the ORT study during the staffing process. What followed, as you can imagine, where many meetings and emotional discussions between the staff, DCSRM, and the Chief of Staff before a final proposal

was placed on the table for the CINC's review. Even when it was suggested to the CINC (by the staff) that one program and budget coordinator was inadequate; the CINC's response was that he wanted the functional divisions in each DCS to assume the "subject matter expert" program and budget responsibilities.

#### IMPACTS OF THE USAREUR REORGANIZATION

The USAREUR reorganization resulting from the ORT study was effective on 1 October 1986. However, they phased in the transfers and personnel reductions over a twelve month period. In fact, some of the personnel reductions will not be taken until the end of FY 88. The program and budget functions did transfer during FY 87.

The experience to date suggests that the cuts were too severe. On the other hand, most people admitted that the program director staffs had grown over the years and probably could have taken a large efficiency reduction. However, a single program budget coordinator has not been able to keep up with the workload.

One of the contributing problems has been the interpretation of the responsibilities outlined in the approved ORT study. For example, the ORT recommendations approved by the CINC, clearly made the DCSRM responsible for the preparation of budget schedules required by HQDA. The problem with interpretation is the manner in which the DCSRM gathers the information needed for the schedules. The DCSRM implementing directive makes the



USAREUR staff agencies responsible to "provide program specific workload and resource data for Command Operating Budget schedules" and to "review and approve USAREUR Command Operating Budget portions affecting their programs and all functional-specific schedules."<sup>5</sup> Does this mean the workload is being shifted to the staff? The DCSRM people say no, that it has always been a functional level responsibility, and the former RM shops were just funnels to collect that information -- does this argument sound familiar? The fact of the matter is the DCSRM staff can only do so much with the modest increase in staff authorized by the ORT study. On the other hand, if the information for the schedules is in the hands of the functional proponent, then that is where it has to come from.

The MACOMs did not have to submit a budget to HQDA during FY 87. The FY 90/91 budget will be formulated during FY 88. It remains to be seen how effective the USAREUR organizational budget structure will be until this cycle is completed.

I also observed shortcomings in the allocation of funds to subordinate commands. The DCSRM staff develops the fund distribution and forwards it to the staff proponent for review prior to release. The program budget coordinators complain they no longer have the qualified staff to make this review. One staff agency put it this way. He said under the old system the staff determined the validation of requirements and distribution of funds. The DCSRM staff then reviewed it wearing their "honest broker" hat. Under the current system he felt like he was the

honest broker who kept the DCSRM straight. If this is true, then how is USAREUR insuring that the allocation of funds, say in the logistics area meets the DCSLOG's priorities or in the MWR area meets the DCSPER's priorities, etc? If the DCSRM is determining fund distribution, then who is performing its independent review role required by AR 5-2?

I found similar problems in the programming area. Actions relating to the PARR or program cycle also go through the program budget coordinator. There are no full time programmers on the staff, yet each major staff office is still required to chair a functional panel(ie, the DCSLOG chairs the sustaining panel) to review PARR issues, decrements, etc. In order to accomplish this workload, two staff offices(DCSOPS and DCSLOG) have had to give the programming mission to their operational planners. These offices not only chair their panels, but must send action officers to HQDA to defend their programs before the HQDA functional panels(at the expense of their operational planning workload). Now I am not saying this is wrong, for as previously reported this is where the CINC stated the work should be done. What I found, however, were some very dedicated people trying to do a good job on unfamiliar turf(one of them didn't even know what an MDEP was -- although he had just come from the Army War College!!) without an RM shop to help them through the process.

Finally, USAREUR still operates under a resource management committee system with each DCS a voting member. As programs, budgets, and decrement drills are discussed in these committees

with the Chief of Staff and the CINC, each DCS is expected to "weigh in" with his expertise and recommendations as a member of this "board of directors." Under the old system, it was the responsibility of the RM shops to keep their DCS informed of the issues and the status of the command programs. Under the new system, the DCSRM has the responsibility to keep the staff informed on program and budget issues, and the status of budget execution. Since the DCS want a functional perspective rather than the DCSRM's view of the world, "shadow organizations" are already being formed out of hide to replace the old RM shops.

I did find a major success story in the new organization. This is in the management of civilian manpower under the DCSRM Manpower/Budget Division. The Army has always had a problem with the coordination of manpower management and budgeting. This is one of the reasons the Army began to transition to a DCSRM concept in 1973. Manpower requirements are determined by staffing standards or surveys. The manpower manager then provides "authorizations" against the total requirements for a given function. For example, a service school may get 80% and the base operations function 65% authorizations against their total TDA requirements. The different levels of support is an affordability decision based on available authorizations and the command priorities. The budget people in turn, provide the dollars and civilian pay target to pay for these authorizations. However, the coordination process frequently breaks down as the manpower and budget functions have different cycles and

milestones in the overall PPBES. In addition, the field will frequently ask for civilian pay dollars in their budgets, but not through manpower channels or vice versa. This causes disconnects in the system and in the Program Budget Guidance to the field. Since the consolidation of the civilian manpower management and budget functions in USAREUR they no longer have these problems. The rest of the Army should take note of this success story.

In summary, I feel the centralization experience in USAREUR has had mixed results. I don't want to go so far as to say that the system is broken -- for there are some of the most dedicated and professional people that I have ever met, trying very hard to make the system work. The command is aware of the successes and shortcomings, and appears ready to make some adjustments, particularly in the DCS staffs.

One indication of a shift in philosophy is the recent experience with the USAREUR Major Commands(UMCs). In 1987, the CINC directed Phase II ORT at the UMC level. The UMCs were required to review the same functions in their headquarters as were done in the earlier study at the MACOM. The UMCs were also told to centralize the functional RM shops under their ACSRM(DCSRM). Their plans were briefed to the CINC on 18 December 1987. The 21st Support Command and the 7th Army Training Center consolidated their RM shops as directed. The Commanding Generals of the V and VII Corps came on strong in their presentations to the CINC that this was an inappropriate

concept for their commands. Their recommendations were approved and they continue to operate under a decentralized RM concept.

### CHAPTER III

#### ENDNOTES

1. Otis, Glenn K., GEN. Organizational Review of HQ USAREUR/7A, p. 1-1.

2. These are unofficial numbers furnished by the USAREUR Organizational Review Activity(ORA). As with any reorganization, there were some reconsiderations and compromises made after the final report which may slightly alter these numbers.

3. Otis, Glenn K., GEN. Organizational Review of HQ USAREUR/7A, p. 3-4/5.

4. Ibid., p. 3-5.

5. Gordon, Robert L., MG. HQ USAREUR Staff Coordination Paper: Programming, Budgeting, and Management Recommendations Mandated by the CINC's ORT study, p. 2-3.

## CHAPTER IV

### THE HQDA EXPERIENCE

On 4 March 1987, Army Secretary John O. Marsh Jr. held a news conference to announce the details of the Army's implementation of the Goldwater-Nichols DOD Reorganization Act of 1986. During this briefing he made the following statement:

"Let me mention something to you that is outside of the requirements of the Reorganization Act, which was recommended by the Reorganization Commission that we do and will implement, as part of the reorganization, centralized budgeting in the Army, which we have not had in the past... That move saved us 50 spaces, but we also believe and the feeling is that it will give us a great assist in the manner in which we put together and handle the Army budget."<sup>1</sup>

The main purpose of Title V of the DOD Reorganization Act was to eliminate duplication in headquarters' staff functions and to enhance civilian control. As previously mentioned, the Act required a reduction of 548 spaces(15%) to reach the statutory ceiling of 3105. To accomplish these objectives, the Secretary of the Army(SA) established the Army Reorganization Commission(SARC) in October 1986. The SA appointed the Honorable Michael P. W. Stone, ASA(FM), and LTG Max W. Noah, COA, as co-chairmen of the SARC. This chapter will review the results of the SARC in the program/budget area; the resulting reorganization

of the Army staff; and the initial effect on HQDA budget formulation and execution.

### RESULTS OF THE REORGANIZATION COMMISSION

The SARC recommended three major changes in the financial management area which were approved by the Army leadership. First of all, the former offices of the ASA(FM) and COA were merged into a single organization in the Army secretariat. The COA position was retained as deputy to the ASA(FM). Secondly, responsibility for Army Automatic Data Processing(ADP) management was transferred from the ASA(FM) to the newly created Director of Information Systems for Command, Control, Communications and Computers(DISC<sup>4</sup>). Finally, most Army staff budget functions were consolidated under the ASA(FM) in a new organization called the Army Budget Office(ABO).

This last recommendation proved to be the most controversial and emotional issue presented to the Army staff. When presenting the centralization issue, the statement of the problem normally goes like this: "Past Army budgets have been characterized, both inside and outside the Army as being largely uncoordinated, unscrubbed and unexecutable submissions with missed suspense dates for appeals, reclaims and transcripts."<sup>2</sup> They go on to state that recent decrements to the Army's budget(\$ 8 billion in FY85, 10 billion in FY86 and 10 billion in FY87) are due in part to the ineffective performance of the Army staff program directors in the presentation and defense of their programs to



OSD, OMB, and Congressional budget examiners. Having spent four years on the Army staff as a program director(1976-1979), I can attest to the decline in budget quality and budget defense in recent years. I do feel, however, that this situation has been a reflection of the personalities involved in the process and not a specific organizational deficiency.

The SARC had two study cells which examined the centralization issue. The cells' membership consisted of representatives from ASA(FM), COA, DCSOPS, PAED, DCSLOG, DCSPER, TSG, Deputy Chief of Staff for Research, Development, & Acquisition(DCSRDA), Assistant Chief of Staff for Information Management(ACSIM), National Guard Bureau(NGB), and Chief of Army Reserve(CAR). The cells agreed that the programming function (DPAE) should not be centralized, but should remain under the CSA with policy oversight by the ASA(FM). They also agreed that programmers in each staff office should remain in place. In the budget function, they could not reach agreement. The two COA members were for centralization, while all the Army staff members were against it. The two ASA(FM) members were split -- one for and one against. By majority vote they recommended to the SARC that the budget function remain decentralized.

Their recommendation was not accepted and on 5 December 1986 the SARC went to the CSA and SA with a recommendation to centralize all budget activities. The SARC issue paper stated that centralization will provide the following benefits:

- "o Improved quality and effectiveness(of budgets).

- o Improved responsiveness - only one stop needed to get a budget answer.
- o Strengthened accountability and fiscal control over program releases and withdrawals.
- o Puts a stop to "tomato can" fund redistribution management and improves reprogramming visibility and control.
- o Improved financial program execution analysis - the activity that puts the budget together also analyzes it.
- o Clarified responsibility and accountability as Army would be speaking with one voice on budget matters.
- o Automation economies as Army would use a single budget data base versus multiple ones.
- o Fifty HQDA spaces could be saved."<sup>3</sup>

The personnel savings represent a 20% reduction from the previous staffing levels(314 people in budget function less 63 not subject to centralization. 50/251 reduction equals 20% savings). The Army staff arguments against centralization were as follows:

- o You cannot separate resource management from program management - to do so would be detrimental to sound functional management.
- o If you separate programming from budgeting in the functional staff, you will have even greater disconnects and a loss of continuity between the POM and the budget. Furthermore, in most functional staffs the same person performs program and budget tasks.

- o The budget shops will grow back as "shadow organizations" thereby nullifying any initial savings.
- o Since the problem is performance related and not an organizational deficiency, the situation will only worsen as the ABO loses expertise through attrition and lack of daily contact with functional proponents.
- o The fifteen percent directed staff reduction can be accommodated without centralization.
- o The Output Oriented Resource Management System(OORMS), which is intended to bridge the gap between the functional proponent and the ABO, has not fully been implemented.
- o A centralized organization will not produce better quality budgets or be more responsive to OSD or Congress.

After considering the above arguments, the SA approved the SARC recommendation for the centralization of HQDA budget activities effective 1 April 1987.

#### IMPACTS OF THE HQDA REORGANIZATION

It is too early to completely assess the effectiveness of the centralization of HQDA budget activities. First of all, there was no budget cycle this past year. The new organization really has to go through a complete PPBES cycle in order to compare the performance and effectiveness of the old versus the new organizations. Secondly, the functional budget analysts have not physically moved. Many are still functioning as if they were

still members of their old staff office. Third, as personnel turnover, can the loss of historical technical expertise be replaced?

There are also some transition problems that need to be addressed. Several ABO office chiefs claim that they were shorted on the transfers of personnel from the staff. For example, the COE had nine budget analysts in the RPMA area, but only three transferred. A similar situation was cited in the DCSLOG area.

The supervisory relationships in the DCSPER area would challenge even the most dedicated officer. The budget shop is on the ASA(FM) TDA; however, the O-6 chief is rated by a DCSPER director, intermediate rated by an ASA(FM) director, and senior rated by the DCSPER. Where are this person's loyalties? How does he handle confrontations or disagreements on budgetary issues between the DCSPER and the ASA(FM)?

The shadow budget offices are already being formed. For example, in the Office of the Secretary of the Army for Research, Development, & Acquisition(SARDA), budget cells are being formed from the budget teams which were previously in the old DCSRDA hardware divisions.

Another potential problem in the Research, Development, Test & Evaluation(RDT&E) area is the effect of the elimination of the DA System Coordinators(DASC). The DASC were the primary functional personnel who wrote budget justification for the Congressional Descriptive Summaries(CDS), as well as responded to

OSD/OMB/Congressional inquiries, and prepared Program Budget Decision(PBD) reclamation.

There appears to be a void in developing and tracking issues in the program cycle. Under the decentralized operation, the program directors were on distribution for the MACOM PARRs and attended the DA functional panel meetings. In the ABO, only limited copies of the PARRs have been available and ABO representation at the functional panel meetings has been restricted.

The ABO staff does not place the same emphasis on tracking manpower adjustments as the old program director shops did. The ABO places too much reliance on centralized tracking of manpower adjustments such as that done by the Operations Management Control Analysis Branch for the operating appropriations. This may provide an increased opportunity for manpower/budget disconnects. The allocation of civilian manpower remains under the DCSPER while the allocation of workyears and annual financial target is a responsibility of the ABO. The USAREUR experience has shown these functions should be combined under the ABO for better civilian manpower management and execution.

The MACOMs feel the elimination of the command analysts have created communication problems. Prior to the reorganization, the MACOMs had a single point of contact they could go to for budgetary information. Now each ABO analyst deals separately with the MACOMs. There is no clearly defined counterpart relationships. Before the reorganization, the MACOM DCSOPS'

counterpart for Program 2 problems was the HQDA DCSOPS program and budget shop. On the other hand, the MACOM DCSRM dealt with the COA command analyst. Now the HQDA POC for both the MACOM DCSRM and DCSOPS is the ABO. The ABO analyst deals with both offices for official information often leaving one of them in the dark. In addition, the former HQDA program director's shops still talk with the MACOMs in the program cycle and sometimes in the budget cycle. An example of this problem can be seen in the management of the Army Family Housing (AFH) Appropriation by both the ABO and the COE.

Of course all these problem areas are solvable. As previously stated, the real test will be the ABO's performance in the forthcoming FY 90/91 budget cycle. In looking at the ABO's performance to date, the COA (LTG Noah) feels the centralized budget organization has been one of the real success stories coming out of the HQDA reorganization. The COA cites the successful manner in which the Army handled the recent FY 88/89 budget reductions as directly attributable to the new organizational concept. This is good news. Now that the Army is committed to a centralized HQDA budget operation, we all need to work toward its success.

## CHAPTER IV

### ENDNOTES

1. Marsh, John O. Jr. Department of the Army Reorganization, DOD News Briefing, p. 6.
2. Miller, Joseph L., Mr. Centralization of the HQDA Budget Activities, SARC Issue #CI041, p. 1-2.
3. Ibid., p. 1.

## CHAPTER V

### ADDITIONAL CONSIDERATIONS AND ISSUES

Before presenting my conclusions and recommendations, there are some additional considerations and issues that surfaced during my interviews and research that are worthy of comment.

The first of these is the subject of doctrine. The Army needs a resource management doctrine from the DA level all the way down to the installation/community level. For example, to my knowledge there is no Army regulation, pamphlet, or field manual on budgeting. The Air Force, on the other hand, does a pretty good job in laying out their program and budget doctrine in their USAF 172-series of regulations, pamphlets, and manuals. This shortcoming was repeatedly mentioned during my interviews. The USAREUR personnel cited a particular shortfall in the area of wartime resource management doctrine. It is addressed to a limited extent in our mobilization planning, but the Army lacks a detailed wartime resource management strategy and doctrine. It is understood that the Soldier Support Center recently surfaced this issue at a HQDA/MACOM conference and efforts are underway to address this requirement.

The second area involves the future of the comptroller career field for both military and civilian personnel. The cuts associated with the two consolidations I reviewed, the Goldwater/Nichols DOD Reorganization Act, and the current and future rounds



of officer reductions, are reasons for concern about the future viability of this small career field. Although many of the officer positions will be civilianized, the loss of these opportunities for experience at the installation, MACOM, and HQDA staffs will have future consequences on our personnel readiness. Where will the future DCSRMs, ABOs, and COAs come from? How mobile will our expanding civilian career field be? In addition, the earlier cited shortcomings in the performance of our career personnel indicate a need to review at our personnel procurement, assignment, education and training programs.

The next area is OORMS. This program was advertised to give the HQDA functional managers increased visibility and feedback of their programs. It was going to integrate manpower, dollar, and workload(output) data to help us in our program and budget justification and defense. In the HQDA reorganization, it was felt that OORMS would serve to bridge the gap between the functional proponent and the centralized budget office, to include a feedback of program execution necessary for day-to-day management. Some of the personnel savings were based on this assumed capability. With the current environment of continued personnel and dollar reductions, we need this capability more than ever.

Finally, there is the area of automation. We have just entered the age of budget automation in the last few years -- we should have been there a long time ago. I have to give the OORMS initiative credit for bringing the Army's budget community into

the world of automation. The OORMS personal computers have been put to good use. We are finally getting away from the yellow spread sheet mentality and into some sophisticated computer business applications, in order to increase our analytical capability. But our budget automation efforts are decentralized and lack a central direction from HQDA and the MACOMs. OORMS and the Standard Installation Budget System - SIBS (being developed by TRADOC) are exceptions to this situation. SIBS in particular, will provide an automated fund control and commitment accounting system at the installation/activity level which is sorely needed. If we are to absorb these large personnel reductions, we need to use our automation capabilities to make us more efficient. We have not done this in the past.

## CHAPTER VI

### CONCLUSIONS AND RECOMMENDATIONS

The issue of centralized budget operations continues to be a controversial subject in the Army with many arguments for and against. I tried to ignore the emotionalism and parochialism associated with this issue and concentrated on the relevant advantages and disadvantages of this concept. Unfortunately, the experience to date in USAREUR and HQDA do not provide clear answers to this issue.

#### CONCLUSIONS

Despite the rhetoric by both HQDA and USAREUR, I feel their reorganizations were primarily driven by the need to make personnel reductions and not by a sincere effort to enhance the capabilities and quality of the Army's budget function. In both cases, the personnel reductions exceeded that required by the Goldwater-Nichols DOD Reorganization Act, which may serve to further reduce the quality and effectiveness of the budget community.

It was obvious from the interviews I had with Army staff personnel, that the deficiencies reported by the SARC were personnel related and not systematic organizational problems. These personnel problems ran the spectrum from "dead wood" to personnel shortages and training deficiencies. It remains to be

seen whether moving these people under the ABO will make them more responsive or effective.

In both HQDA and HQ USAREUR, the program directors were keeping a duplicate set of books. There should only be one data base in the command, and it should be maintained by the DCSRM/ABO. This automated data base must be accurate, timely, and responsive to management's needs.

Even under a centralized operation, some capability is needed in each DCS to perform program and budget coordination tasks, and to keep the functional staff and DCS informed. A single coordinator, as is the case in USAREUR, is completely inadequate. We can expect to see the growth of "shadow organizations" at HQDA and USAREUR until an adequate program and budget capability is established in each DCS.

Knowledge is power. And the lack of it can be frustrating when the holder of that information is non-responsive. Moving the program directors under the DCSRM/ABO will temporarily give the DCSRM/ABO increased knowledge and visibility of these programs. As people turnover, there will be a gradual loss of this historical knowledge and once again the functional staff will be the "center of gravity."

The management and allocation of civilian "authorizations," "workyears," and "pay target," are affordability decisions driven primarily by dollars and can be better synchronized under the command budget function. The management of civilian manpower in

USAREUR has been a real success story for that command. I feel their experience has application at HQDA and other MACOMS.

It is difficult to separate the program and budget functions from each other or both of these functions from functional policy and proponency. As was shown in the example of the MWR analyst, the validation and allocation of resources must be initiated by the functional program manager. Exceptions are those generally accepted centrally managed programs such as civilian pay. But even the product of the centrally managed programs should be coordinated with the functional manager, for they may have information which could invalidate your conclusions.

The DCSRM/ABO may not be able to effectively perform their independent review role under a centralized operation. It is also difficult to manage a program without some degree of proponency, even if it only manifests itself at the analyst level.

HQ USAREUR needs to reestablish a formal programming capability in their functional staffs(DCS) in order to free up their operational planners and be more responsive to the program cycle.

### RECOMMENDATIONS

It is recommended that the HQDA and HQ USAREUR centralization efforts be used as a test bed for the Army and that no further centralized budget activities be established at this time. Once these headquarters have gone through a complete

PPBES cycle, they should be evaluated to determine the advisability of additional centralized budget operations in the Army.

HQDA should review HQ USAREUR's method of civilian manpower management to determine if this concept should be exported to HQDA or other MACOM.

HQDA should should review the Army's resource management doctrine for required update or enhancement.

Copies of this study should be made available to HQDA and Army MACOMs for their information and consideration.

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## APPENDIX 1

### ABBREVIATIONS AND ACRONYMS

ABO.....ARMY BUDGET OFFICE  
ACSRM.....ASSISTANT CHIEF OF STAFF FOR RESOURCE MANAGEMENT  
AERB.....ARMY EDUCATIONAL REVIEW BOARD  
AFP.....APPROPRIATED FUNDS  
AMC.....ARMY MATERIEL COMMAND  
ASA(FM).....ASSISTANT SECRETARY OF THE ARMY FOR FINANCIAL  
MANAGEMENT  
AVCSA.....ASSISTANT VICE CHIEF OF STAFF OF THE ARMY  
CAR.....CHIEF OF ARMY RESERVE  
CINC.....COMMANDER IN CHIEF  
CDS.....CONGRESSIONAL DESCRIPTIVE SUMMARY  
COA.....COMPTROLLER OF THE ARMY  
COE.....CHIEF OF ENGINEERS  
CP.....CAREER PROGRAM  
CSA.....CHIEF OF STAFF OF THE ARMY  
DAB.....DIRECTOR OF THE ARMY BUDGET  
DCSENGR.....DEPUTY CHIEF OF STAFF FOR ENGINEER  
DCSI.....DEPUTY CHIEF OF STAFF FOR INTELLIGENCE  
DCSLOG.....DEPUTY CHIEF OF STAFF FOR LOGISTICS  
DCSOPS.....DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS  
DCSPER.....DEPUTY CHIEF OF STAFF FOR PERSONNEL  
DCSRDA.....DEPUTY CHIEF OF STAFF FOR RESEARCH, DEVELOPMENT AND  
ACQUISITION  
DCSRM.....DEPUTY CHIEF OF STAFF FOR RESOURCE MANAGEMENT  
DISC<sup>4</sup>.....DIRECTOR OF INFORMATION SYSTEMS FOR COMMAND,  
CONTROL, COMMUNICATIONS AND COMPUTERS  
DPAE.....DIRECTOR, PROGRAM ANALYSIS AND EVALUATION  
DPCA.....DIRECTOR OF PERSONNEL AND COMMUNITY ACTIVITIES  
DRM.....DIRECTOR OF RESOURCE MANAGEMENT

DSA.....DEFENSE SUPPLY AGENCY  
 FORSCOM.....FORCES COMMAND  
 FYDP.....FIVE YEAR DEFENSE PROGRAM  
 MACOM.....MAJOR COMMAND  
 MDEP.....MANAGEMENT DECISION PACKAGE  
 MTOE.....MODIFIED TABLE OF ORGANIZATION AND EQUIPMENT  
 NAF.....NON-APPROPRIATED FUNDS  
 NGB.....NATIONAL GUARD BUREAU  
 OMB.....OFFICE OF MANAGEMENT AND BUDGET  
 ORA.....ORGANIZATIONAL REVIEW ACTIVITY  
 ORT.....ORGANIZATIONAL REVIEW TEAM  
 PAED.....PROGRAM ANALYSIS EVALUATION DIRECTORATE  
 PARR.....PROGRAM ANALYSIS RESOURCE REVIEW  
 PBAC.....PROGRAM BUDGET ADVISORY COMMITTEE  
 PBC.....PROGRAM BUDGET COMMITTEE  
 PBD.....PROGRAM BUDGET DECISION  
 PBG.....PROGRAM AND BUDGET GUIDANCE  
 PDIP.....PROGRAM DEVELOPMENT INCREMENT PACKAGE  
 POM.....PROGRAM OBJECTIVE MEMORANDUM  
 PPBS.....PLANNING, PROGRAMMING, AND BUDGETING  
           SYSTEM(OSD)  
 PPBES.....PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION  
           SYSTEM(ARMY)  
 PRAC.....PROGRAM RESOURCE ADVISORY COMMITTEE  
 RDT&E.....RESEARCH, DEVELOPMENT, TEST AND EVALUATION  
 RM.....RESOURCE MANAGEMENT  
 RPMA.....REAL PROPERTY MAINTENANCE ACTIVITIES  
 SARC.....SECRETARY OF THE ARMY REORGANIZATION COMMISSION  
 SARDA.....ASSISTANT SECRETARY OF THE ARMY FOR RESEARCH,  
           DEVELOPMENT AND ACQUISITION  
 SELCOM.....SELECT COMMITTEE  
 TAADS.....THE ARMY AUTHORIZATION DOCUMENT SYSTEM  
 TDA.....TABLE OF DISTRIBUTION AND ALLOWANCES  
 TRADOC.....TRAINING AND DOCTRINE COMMAND

TSG.....THE SURGEON GENERAL  
UMC.....USAREUR MAJOR COMMAND  
USAREUR.....U.S. ARMY EUROPE  
USBA.....USAREUR SUPPORT BUDGET AGENCY  
VCSA.....VICE CHIEF OF STAFF OF THE ARMY



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